

Secret



25X1

National Intelligence Estimate

Domestic Stresses on the Soviet System

Key Judgments

Secret

NIE 11-18-85/W

November 1985

Copy 30

25X1

Page Denied

Secret

25X1
25X1

NIE 11-18-85/W

DOMESTIC STRESSES ON THE SOVIET SYSTEM

KEY JUDGMENTS

The full text of this Estimate
is being published separately
with regular distribution.

Secret

25X1

Secret

25X1
25X1

THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS, EXCEPT AS NOTED IN THE TEXT.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, the Federal Bureau of Investigation, and the intelligence organizations of the Departments of State, Treasury, and Energy.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

Secret

25X1

Secret

25X1

25X1

SCOPE NOTE

An accumulation of domestic stresses has been visible to official and unofficial observers of the Soviet scene for many years. This National Intelligence Estimate is the Intelligence Community's first attempt to assess the impact of these internal Soviet problems. It also estimates the directions the new Gorbachev regime will take in addressing them, and their prospects for success. The time period on which this NIE focuses is the second half of the 1980s.

This Estimate rests in large part on a body of data and analysis that will be published separately by the Office of Soviet Analysis, CIA. The CIA study will record in detail the substance of intelligence reporting on Soviet elite perceptions of the USSR's internal disorders and the elite's mounting alarm over their political implications in recent years.

An estimate of this sort suffers from severe data problems, particularly the lack of statistics on social trends and pathologies, such as crime rates. Our analysis has also been encumbered by a lack of good social theory for describing the behavior of a society that is far from fitting the old "totalitarian model" but is still ruled by a regime that strives to fulfill many of that model's features. Nevertheless, this NIE constitutes a baseline for future collection and analysis on developments inside Soviet society that will merit frequent reexamination in the years ahead.

Secret

25X1

25X1

KEY JUDGMENTS

The USSR is afflicted with a complex of domestic maladies that seriously worsened in the late 1970s and early 1980s. Their alleviation is one of the most significant and difficult challenges facing the Gorbachev regime.

By most contemporary standards, the Soviet Union is a very stable country. Over the next five years, and for the foreseeable future, the troubles of the society will not present a challenge to the system of political control that guarantees Kremlin rule, nor will they threaten the economy with collapse. But during the rest of the 1980s and well beyond, the domestic affairs of the USSR will be dominated by the efforts of the regime to grapple with these manifold problems, which will also have an influence on Soviet foreign and national security behavior.

At the root of Soviet domestic ills are three tightly interconnected problems:

- *A long-term slowdown in the economy* caused by labor shortages, high natural-resource costs, and low-factor productivity. Technological backwardness and aging capital stock are now major additional problems. Gorbachev, for example, has said that a quarter of the country's pool of machine tools and 6 million workers now are employed in repairing Soviet capital stock.
- *A lethargic and parasitic party-state bureaucracy* that has virtually ceased to be a mobilizing tool and has become a major obstacle to social and economic progress.

25X1

25X1

- *An unmotivated labor force.*

25X1

25X1

25X1

Secret

25X1
25X1
25X1

[redacted] Soviet workers are compelled by economic conditions to spend much work time in private pursuits. A Soviet newspaper in February 1985 reported that Soviet citizens spend 65 billion man-hours shopping each year, or the equivalent of full-time employment of 35 million people. Eighty percent of that time is spent shopping for food.

Both contributing to and resulting from these basic ills, the Soviet system has been further afflicted by:

- *A moribund political leadership* from the last years of Brezhnev until the accession of Gorbachev in 1985.
- *Social pathologies* including corruption by both officials and the population at large, rampant alcoholism, rising crime rates, and drug abuse.
- *The spread of dissenting attitudes*, including religious adherence, nationalistic resentments, and youth alienation, despite increased repression of overt political dissent in recent years.
- Isolated but numerous *incidents of civil unrest and worker protests*, often over food shortages and working conditions.

The material spur to these problems was the near stagnation of consumption levels in the late 1970s and early 1980s. More information from the outside world contributed to popular disgruntlement. The underlying cause of most of these problems is the repressive nature of a political system that discourages initiative throughout the society on which economic and social progress depend, and that limits the private freedoms Soviet citizens desire.

The worsening of these problems and the failure of the top leadership to take credible action against them demoralized both the ruling elite and the population at large in recent years. Continuing measures begun under Andropov, the Gorbachev regime is trying to develop a comprehensive strategy to alleviate these problems by renewal of leading cadres, tightened social and bureaucratic discipline, and an economic growth program reliant on modernizing the technology base and reform of the management system.

Gorbachev has achieved an upswing in the mood of the Soviet elite and populace. But the prospects for his strategy over the next five years are mixed at best:

- We expect his measures to be activist, but essentially conservative, with heavy emphasis on disciplinary controls to balance what modest decentralizing reforms of the management bureaucracy he adopts.

Page Denied

Secret

- Although recent regime policies have boosted growth, the Gorbachev economic program is fraught with uncertainty and risk. It depends heavily on an initial stimulus to labor productivity, which could be undercut because welfare improvements are likely to be slow. The oil production turndown and uncertainties in agriculture are further threats.
- Many of the ills of the system are very deeply rooted in the nature of the economic system—widespread corruption and lack of incentives, for example—and in the political system—widespread attitudinal alienation. We do not expect Gorbachev to make much progress in correcting them over the next five years, despite strenuous measures.

- Many of Gorbachev's policies, such as cadre renewal, disciplinary measures, differentiated material incentives for workers and managers, and bureaucratic restructuring are likely to increase rather than decrease tensions in the society that result from anxiety and insecurity. The regime is, indeed, counting on such tensions to spur worker performance.

Powerful factors buttress the stability of the Soviet system, including pervasive political controls and the passive tolerance of the population at large. At the same time, those factors favoring stability are a continuing brake on the economic growth and social modernization goals of the regime. Moreover, there is a growing tension between popular aspirations and the system's ability to satisfy them, and also tensions between the regime's growth and modernization goals, on the one hand, and centralized political control on the other. We do not exclude the possibility that at some unforeseeable future time these tensions could pose a serious threat to the stability of the system.

Economic and social problems do not make the USSR anything other than a powerful and acquisitive actor on the international scene. Gorbachev gives every indication of endorsing well-established Soviet goals for expanded power and influence. But slow growth, technological backwardness, and the surrounding complex of social ills do pose constraints on the USSR's achievement of international goals with ease:

- Because of them, the USSR is no longer an economic model for advanced or developing societies, which diminishes Soviet ideological appeal.

Secret

25X1

25X1

- Internal problems give Soviet leaders a sense of the vulnerability of their system to foreign influences and might, under some conditions, inhibit foreign military ventures that could stimulate internal unrest. These factors constrain foreign policy flexibility, although Afghanistan and other Third World ventures indicate that the USSR is much less constrained than the United States by domestic considerations.
- Technological backwardness constrains Soviet ability to compete in high-technology weapons development; and labor needs now clash more than ever with high levels of active military manpower.

In part because it appears a good way to advance established Soviet foreign policy goals, but also because he wants a breathing space to ease the task of managing Soviet internal problems, Gorbachev is urgently seeking a restoration of the detente environment of the early 1970s in East-West relations.¹ He is at present unwilling to pay a significant price for detente by accommodating Soviet behavior to US security interests. He will probably maintain this stance for several years while he determines how well his domestic and foreign policies are working. But, if he fails to get either domestic revitalization or an international breathing space on the cheap, he would most likely opt for tactical accommodation with the United States in order to gain the advantage of economic interaction with the West, facilitating both relief from domestic economic constraints and continued military modernization. At the same time, the Soviets would continue to pursue greater influence in the Third World and efforts to divide US alliances.

¹ There is an alternative view—held by the Director, Defense Intelligence Agency, and the Assistant Chief of Staff, Intelligence, Department of the Air Force—which holds that the Gorbachev regime regards the advancement of its foreign and strategic goals as the primary determinants of, and motivating factors behind, Soviet behavior in the international arena, not Soviet internal problems.

Secret



Secret